












Procurement Strategy 2016-2019 – Progress Statement



Key Areas:		'RAG' August 2018	LGA recommendation and/or HBC approach:	Position statement – August 2018:
Making Savings:	Category Management:		<ul style="list-style-type: none"> • Maximising the value of spend • Using standard specifications • Spend and supplier analysis • Holistic approach across the organisation • Regional approach across LCR 	<ul style="list-style-type: none"> • A full category management approach is employed by the Procurement team. This provides quality expenditure and supplier data, which helps to amalgamate spend and rationalise suppliers, thereby providing greater opportunity to deliver savings from procurement activity • The category management approach adopted by Halton has been shared with LCR partners and is recognised as best practice.
	Performance monitoring and Transparency:		<ul style="list-style-type: none"> • Effective by sharing commercial and performance data • Compliance with the Transparency code • Built in risk and evaluation assessment • Open up markets for local, SMEs and VCSE's to run services or manage public assets 	<ul style="list-style-type: none"> • Commercial and performance data on common goods and services is routinely shared with partner organisations across the City Region and across the North West. • The Council is fully compliant with the requirements of the Transparency Code. • Risk and evaluation assessment is built into the Halton procurement process. • Ongoing commitment to spend above £1K being advertised via The Chest to open up markets to a wider range of potential suppliers, such as local companies, SME's and VCSE's.
	Risk and Fraud Management:		<ul style="list-style-type: none"> • Identify and reduce fraudulent procurement practices (pre and post procurement and through supply chain) 	<ul style="list-style-type: none"> • All procurement activity over £1K goes through the Procurement team and is advertised via The Chest • 'Funnel' in place – captures Purchase Orders without a


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			<ul style="list-style-type: none"> • Pre procurement controls • Post procurement (contract management) • Supplier relationships • Supply chain 	<p>contract to allow Procurement team intervention</p> <ul style="list-style-type: none"> • Segregation of procurement role from commissioners/buyers • Robust controls are in place regarding new supplier setups. • Whistleblowing arrangements are included as part of standard contract conditions. • Regular internal audit coverage of procurement activity and contract management arrangements
	Demand Management:		<ul style="list-style-type: none"> • Reduce overall costs • Reduce oversupply • Supply and demand – relevant and proportionate 	<ul style="list-style-type: none"> • Effective category management and engagement with commissioners assists demand management by allowing review and scrutiny of spend across the organisation. • Alternative ways of meeting customer or client department needs are routinely considered and explored as part of the Council’s commissioning and procurement processes. • Procurement team involvement in all spend >£1K providing greater opportunity for greater scrutiny and challenge. • Controls in place to prevent ‘maverick’ spend: <ul style="list-style-type: none"> - Subjective codes lockdown to contracted supplier/budget code. - Contract register linked to Agresso.
	Partnering and Collaboration:		<ul style="list-style-type: none"> • Deliver savings by aggregating spend through effective collaboration or via a shared service on common goods and services without compromising the need for social value and providing opportunities for local businesses. 	<ul style="list-style-type: none"> • LCR Procurement Efficiency Workstream established and led by Halton’s Strategic Director – Enterprise, Community & Resources. The focus of the workstream is on realising cashable savings from collaborative procurement activity. • Terms of Reference for the workstream agreed and regular meetings taking place.

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			<ul style="list-style-type: none"> • Set out the approach to partnering and collaboration in the corporate procurement strategy. • Explore opportunities to procure through existing routes to market and each key procurement activity is objectively justified. • Consider the business case for new models of delivering procurement services. • Maximise the use of all available procurement resources, including across council boundaries. 	<ul style="list-style-type: none"> • 'Open Clauses' now being incorporated in all relevant contracts to allow other LCR authorities access to those contracts. • Specific categories of spend allocated to LCR member authorities who are acting as 'lead' authority for those categories. This helps share out the workload and avoids duplication of effort. • LCR Procurement Catalogue created providing visibility of 81 existing LCR collaborative contracts in a central document. • Price benchmarking completed on a number of common contracts identifying opportunities for 'quick wins', e.g. catering, utilities, agency workers. • Data cleansing work ongoing to improve visibility of third party spend and common suppliers/categories. This will assist the identification of further collaborative opportunities for the remainder of 2018-19 and 2019-20.
	<p>Contract Supplier Management: &</p>		<ul style="list-style-type: none"> • Define category management roles for Procurement and client departments • Demonstrate the effectiveness in gaining most value from contracts • Develop supplier relationships to maximise outputs from contracts • Continuous improvement throughout the life of contracts 	<ul style="list-style-type: none"> • Effective category management drives aggregation and provides greater opportunity to realise savings through increased internal collaborative procurement. • Value from contracts maximised by open competition and inclusion of social value where relevant and proportionate. • Supplier review meetings held for relevant contracts involving Procurement team and / or commissioners. • Procedures in place to monitor delivery of social value commitments from procurement activity. • Robust procedures established to monitor and enforce internal compliance in regard to 'on contract spend'

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				<ul style="list-style-type: none"> • New online procurement system used to capture and monitor cost avoidance from improved contract management. • Contract register used to inform procurement activity in regard to contracts approaching expiry. This has recently been enhanced to capture specific Adults and Public Health contracts. • Internal audit undertaking specific reviews of contract management performance on significant contracts • Internal and external contract review to ensure continuous improvement and support cost recovery where appropriate
Supporting Local Economies:	Economic, Environmental and social value criteria in all contracts:		<ul style="list-style-type: none"> • Drive into all procurement where appropriate and proportionate. • Ensure social value features as part of the selection and award criteria. • Contract Management function to capture outcomes. 	<ul style="list-style-type: none"> • Social value routinely applied to all procurement activity, where appropriate, in a proportionate manner • Robust contract management procedures in place to track social value gains. • Halton is seen as a lead in capturing and monitoring Social Value with knowledge shared with NHS and AGMA colleagues.

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	Improving access for SME's and VCSE's:		<ul style="list-style-type: none"> • Chest registration • Transparency of opportunity • Standardised documentation 	<ul style="list-style-type: none"> • Procurement processes have been reviewed and streamlined to assist SME's in competing for tender opportunities. • KPIs in place to measure local spend and engagement with SME's. • Standard Selection Questionnaire (SQ) introduced to replace the traditional Pre-Qualification Questionnaire (PQQ). This is a mandatory requirement of the Public Contracts Regulations 2015 for all contracting authorities in England and Wales. The SQ has been developed to simplify the supplier selection process for businesses, in particular smaller firms.
Leadership:	Commitment from the top:		<ul style="list-style-type: none"> • Councillor Champion • Driver to implement Policy 	<ul style="list-style-type: none"> • Councillor Wharton (Resources Portfolio Holder) nominated as Procurement Champion • Regular system of reporting to the Business Efficiency Board in place. • Strategic Director – Enterprise, Community & Resources chairs the Liverpool City Region Procurement Efficiency Workstream
	Commissioning:		Procurement and Commissioners working adopting aligned practices	<ul style="list-style-type: none"> • Consistent procurement processes embedded and understood across the Council. • Procurement team works closely with client departments and are involved at an early stage in the commissioning process.
Modernising Procurement:	e-Procurement:		<ul style="list-style-type: none"> • Chest use – open competition & transparency of process • E-invoicing 	<ul style="list-style-type: none"> • E-tendering portal (The Chest) in place. • E-invoicing arrangements in place for contracts with a high volume of transactions. • Early payment options have been available since 2013 through the Supplier Incentive Scheme. This provides an

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				ongoing income stream for the Council and improved cash flow for participating suppliers.
	New EU Directives (2015):		Ensure the application of PCRs 2015 make processes quicker, simpler and less costly to run.	<ul style="list-style-type: none"> • Full compliance in place and training delivered • The Council’s processes were streamlined ahead of the PCR 2015. This resulted in two ways of working: <ul style="list-style-type: none"> - Above EU threshold, and - Below EU threshold (using risk based sourcing) • Significant process efficiencies have been achieved that has allowed a reduction in head-count in the Procurement team
	Commercialisation and Income Generation:		<ul style="list-style-type: none"> • Improve the commercial awareness of procurement staff to understand and realise the benefits from all funding streams including how contracts can be developed to generate income • Seek income generation opportunities from procurement related activity 	<ul style="list-style-type: none"> • Procurement team has a high level of knowledge of funding streams, expenditure and commercial awareness that can influence income generation from procurement activity. The team are also encouraged and supported to further enhance commercial skills and demonstrate commercial behaviours. • Contracts are continuing to be ‘commercialised’ and gains captured and monitored as part of the contract management function, e.g. rebates/shared gains with partners and or contractor. Initial activity has focused on high value contracts but will be rolled out further as resources permit. • Increased income generation through uptake in participation in the Supplier Incentive Programme (the Council’s Early Payment Scheme) - Budgeted income £60k for 2018/19. • Reference to the Supplier Incentive Programme now incorporated within all contract documentation. • Increased use of procurement card for contracts with high volumes of invoices has resulted in increased rebate

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				generation (percentage 'cashback' based on annual spend). <ul style="list-style-type: none"> • Supplier statement reconciliations now routinely undertaken leading to recovery of unclaimed credit balances on supplier accounts – Budgeted income £21k for 2018/19.
	Supplier Innovation:		<ul style="list-style-type: none"> • Use more outcome based specifications to allow innovation • Pre-procurement market engagement 	<ul style="list-style-type: none"> • The Council is increasingly making use of soft market testing to demonstrate supplier innovation at the early stages of the procurement cycle.